GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Social Welfare Department – Andhra Pradesh Scheduled Castes Cooperative Finance Corporation Limited Hyderabad – Operational guidelines on release of backend subsidy under SCAP 2015-16 – Orders – Issued.

SOCIAL WELFARE (SCP) DEPARTMENT

G.O.Ms. No. 32 **Dated: 19-03-2016**
Read the following:-

From the VC&MD, APSCCFC Ltd., Hyderabad letter No. P1/763/APSC/2015, dated 11-03-2016

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ORDER:

The VC&MD, APSCCFC Ltd., Hyderabad in the reference read above has submitted proposals for issue of operational guidelines on release of backend subsidy in the implementation of SCAP 2015-16.

2. The APSCCFC has been implementing various economic support schemes for the benefit of poor SC families every year under SC Action Plans. Till the year 2012-13, the APSCCFC has adopted the Principal Banking System. According to which the MD office used to release subsidy to the concerned District Collectors of District Societies as per the requirement of the SC Action Plan in the beginning of the financial year. The Dist. Societies in turn kept the subsidy amount in the Principal Banks of the participating bank branches concerned at the district level. The participating bank branches under SC Action Plan will first ground the units sanctioned by the District Society with bank loan and subsidy and claim the subsidy from the respective Principal Banks.

3. While implementing SC Action Plans, the APSCCFC found certain problems in the grounding of units at the field level:

1. Banks have partially grounded the units. Some banks have released only subsidy portion and kept the loan amounts in the accounts of the beneficiary for utilizing the same for recovery of installments.

2. At times, only subsidy was released without bank loan portion.
3. There were reports that certain bank branches demanded deposit equivalent to the loan portion for grounding the units and to secure their loan.

4. Lack of monitoring by Banks and District Societies due to shortage of staff.

5. Sufficient funds are not available in the Principal Banks for onward transfer to the concerned branches for grounding units. Due to non-release of subsidy portion the financing banks were charging high rate of interest to the poor SC beneficiaries.

4. **<u>Release of Subsidy through Online</u>**

The Government in order to implement schemes effectively under SC Action Plan have issued orders for disbursement of subsidy directly to the beneficiaries through non-operative SB accounts from November, 2013. Accordingly, the APSCCFC has been releasing the subsidy directly to the beneficiaries non operative SB accounts and thereafter the banks will ground the units within 15 days from the date of receipt of subsidy along with bank loans.

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However, in practice, the grounding of units has not reached the expected level and the same problems noticed in earlier started surfacing again.

The Govt. is now proposing back end subsidy i.e disbursement of subsidy after the unit is grounded with a lock-in period of 2 years.

This issue was raised and discussed in SLBC and it was resolved to constitute a Sub Committee. The Sub Committee has submitted recommendations to the 192nd SLBC for approval. The 8th Steering Committee Meeting of SLBC held on 09-02-2016 has approved the sub-committee recommendations as follows.

- Introduction of backend subsidy with subsidy portion to be made available with Bank/ Branch.

- Adjustment / appropriation of subsidy with periodicity of lock-in period as per NABARD norms applicable with minimum 2 year lock-in period.

- Subsidy is to be released only after documentation. After release of subsidy, joint inspection is to be done to ensure end use of funds.

- Skilled candidates trained under Skill development programmes of various organizations are to be given priority and they are to be included for financing under MUDRA scheme.

- Candidates trained by skill development centers / RSETIs may be considered for extending finance under the scheme. Other candidates may be imparted EDP course after selection for extending finance.

- Banks should open a non-operative SB account of the beneficiary along with loan account for crediting subsidy amount so that the beneficiary is restricted from drawing the subsidy amount without availing bank loan. It is agreed that operational guidelines for implementation of backend subsidy will be issued by the department of Social Welfare for uniform implementation by all Welfare Departments and is applicable from the current financial year 2015-16 onwards.

5. <u>Proposed pattern of Subsidy Disbursement (Back end) similar to that of PMEGP of Govt. of India.</u>

The Officials of APSCCFC studied the pattern of the Back end subsidy implemented by PMEGP and proposes to adopt it under Action Plans of the Welfare Corporations for effective implementation.

6. <u>Existing procedure for Operational Guidelines for release of Backend Subsidy:</u>

1) Applications are received through online OBMMS portal.

2) Applications will be scrutinized with reference to the original copies of certificates produced by the beneficiaries.

3) The concerned MPDO/ Municipal Commissioner/ Commissioner Municipal Corporation will convene a meeting with the selection Committee members for scrutinizing and selection of beneficiaries as per the G.O. Ms. No. 101, Social Welfare (SCP.I) Department, Dt. 31-12-2013.

4) After selection of beneficiaries the selected list along documentation and bank consent will be furnished to the concerned Executive Director through online and also hard copy.

5) On receipt of the proposals in full shape the District Society will process the file to the District Collector for according administrative sanction.

6) After approval of the Administrative sanction by the District Collector the District Society will generate sanction proceedings through online.

7) After approval of the Administrative sanction by the District Society will obtain two Bank accounts i.e., one Non-operative SB Account and one loan account.

8) After receipt of two bank accounts, the same will be forwarded to Head office along with signed hard copies for release of subsidy.

9) The Head Office will release subsidy directly to the non-Operative SB account of the beneficiary and message will be automatically reach the EDs office and beneficiary's phone.

10) On credit of the said subsidy amount into the beneficiaries account, the concerned bank / branch will ground the unit within 15 days of time and furnish the UC along with photo of the unit to the EDs office.

11) The EDs office will upload the same to the OBMMS portal.

7. The VC&MD, APSCCFC Ltd., Hyderabad has now vide his letter read above has furnished proposals for issue Revised Guidelines for release of Backend Subsidy and to communicate the same to all Bankers through SLBC.

8. Government after careful examination of the proposal of the VC&MD, APSCCFC Ltd., Hyderabad is hereby approve and issue the following operational guidelines on release of backend subsidy under SCAP 2015-16.

1) Applications are received through online OBMMS portal.

2) Applications will be scrutinized with reference to the original copies of certificates produced by the beneficiaries.

3) The concerned MPDO/ Municipal Commissioner/ Commissioner Municipal Corporation will convene a meeting with the selection Committee members for scrutinizing and selection of beneficiaries as per the G.O.Ms.No. 18, Social Welfare (SCP) Department, dated 08-02-2016.

4) After selection of beneficiaries the selected list along documentation and bank consent will be furnished to the concerned Executive Director of Welfare Corporations through online and also hard copy.

5) On receipt of the proposals in full shape the District Welfare Societies will process the file to the District Collector for according administrative sanction.

6) After approval of the Administrative sanction by the District Collector the District Welfare Societies will generate sanction proceedings through online.

7) After approval of the Administrative sanction by the District Welfare Societies will obtain two Bank accounts i.e., one Non-operative SB Account and one loan account.

8) After receipt of two bank accounts, the same will be forwarded to Head office of the Welfare Corporations along with signed hard copies for release of subsidy.

9) On receipt of request for release of subsidy, the Head Office of the concerned Welfare Corporation will release the subsidy directly to the non-operative SB Account of the beneficiaries.

10) The released subsidy in favour of the beneficiary should be kept in the Term Deposit for period of two years at branch level in the name of the beneficiary.

11) It is the responsibility of the bank branch for furnishing the correct non-operative SB account of the beneficiaries for crediting the subsidy amount. The Banker shall not furnish Jandhan account of the beneficiary as it allows credit of Rs. 50,000/- only, in-operative, Closer accounts also should not be furnished.

12) The implementing bank shall release the entire total outlay of the sanctioned unit.

13) The implementing bank will ground the total outlay of the unit cost initially with the bank amount within 15 days from the date of release of subsidy with the grounding committee consisting of representative from MPDO/ Municipality/ Municipal Corporation, District Welfare Societies, Beneficiary, bank officials and concerned technical persons from the line department.

14) The District Welfare Societies concerned in close coordination with bank branches will ensure that the amount released to beneficiaries is utilized in establishing the unit.

15) No interest will be paid on the TDR and no interest will be charged on loan to the corresponding amount of TDR.

16) The Bank branch will adjust the TDR amount (subsidy) to the loan account of the beneficiary only after satisfactory physical verification report given by the competent authority.

17) No collateral security will be insisted upon by the banks in line with the guidelines of RBI for units involving loan upto Rs.5.00 lakhs.

18) Under Minor Irrigation Sector units shall be purchased from the Authorized dealers and approved by the District Purchasing Committee.

19) The District Welfare Societies should monitor the bank loan portion as and when the units are grounded.

20) In the JMLBC meetings at Mandal level under the Chairmanship of District Collectors, the status of the units grounded and the units rejected by banks and the reasons will be reviewed.

21) With regard to Transport schemes hypothecation of the units shall be done in favour of the bank.

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22) The name of the financing bank and SC Corporation shall be written on the unit as "FINANCED BY …….. BANK & CONCERNED WELFARE CORPORATION UNDER ……..."

23) The financing bank shall release the hypothecation of the unit after repaying the Bank loan amount.

9. The VC&MD, APSCCFC Ltd., Hyderabad shall take necessary further action accordingly. He is also requested to ensure that the subsidy is released only after loan is released and the unit is grounded physically and see that the subsidy shall not be misused.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. VIJAY KUMAR
PRINCIPAL SECRETARY TO GOVERNMENT

To
The VC& Managing Director,
A.P. Scheduled Castes Cooperative Finance Corporation Ltd., Hyderabad.
The Director of Social Welfare, A.P. Hyderabad.
All Welfare Corporations
All the District Collectors/Chairmen, Dist. SC Societies in the State
All the Executive Directors of Dist. SC Societies in the State
All the LDMs in the State
The General Manager / Convenor, SLBC, Andhra Bank, Hyderabad with a request to communicate the guidelines to all the bankers.
The Accountant General, A.P. Hyderabad
Copy to: PS to Hon.ble Minister for SW&TW Empowerment, A.P. Hyderabad.
Copy to: Principal Secretary to C.M. A.P. Hyderabad.
Copy to: PS to Chief Secretary, A.P. Hyderabad.
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// FORWARDED :: BY ORDER //

SECTION OFFICER